**Conversion Of Partnership Into Company**

**THIS DEED IS** MADE **BETWEEN**:

1. Sh. \_\_\_\_\_\_\_\_\_\_ S/o \_\_\_\_\_\_\_\_\_\_\_\_ R/o \_\_\_\_\_\_\_\_\_\_\_ (hereinafter referred to as "the Party of the First Part ")

2. Sh.\_\_\_\_\_\_\_\_\_ S/o \_\_\_\_\_\_\_\_\_\_ R/o\_\_\_\_\_\_\_\_\_\_(hereinafter referred to as "the Party of the Second Part")

3. Sh.\_\_\_\_\_\_\_\_\_ S/o \_\_\_\_\_\_\_\_\_ R/o\_\_\_\_\_\_\_\_\_\_\_(hereinafter referred to as "the Party of the Third Part")

4. M/s \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_, a company incorporated under the Companies Act, 1956 having its registered office at \_\_\_\_\_\_\_\_\_\_\_\_ through its Director Sh. \_\_\_\_\_\_\_\_\_\_\_\_\_ (hereinafter referred to as "the Company")

The Parties hereto are collectively called as "the Parties".

WHEREAS

1. The parties have been carrying on the business of \_\_\_\_\_\_\_\_\_\_vide partnership deed dated \_\_\_\_\_\_\_\_under the name and style as "\_\_\_\_\_\_\_\_" (hereinafter referred to as "the firm") with its Factory at \_\_\_\_\_\_\_\_\_\_\_.

2. The firm is working well, to take it to new heights the party of the First, Second and Third part has decided to dissolve the firm and thereafter the business be carried on by the Company it will make easy to infuse fresh funds from public and near relations in business.

3. The party of First, Second and Third part has already incorporated a company same name to the existing firm in which all of them are Directors.

4. The company in its board of Directors meeting dated\_\_\_\_\_\_\_ has passed a resolution to takeover the existing firm (Resolution appended as Schedule 1 of this Deed). The parties have recorded the terms and conditions as decided among themselves and the party of the fourth part by means of an agreement dated \_\_\_\_\_\_\_\_\_ between the firm and the party of the Fourth part.

NOW THIS DEED WITNESSED AS FOLLOWS:

1. In pursuance of the said agreement, the partnership between the party of First, Second and Third part vide partnership deed dated \_\_\_\_\_\_\_\_\_\_\_\_\_ shall stand dissolved with effect from the date of this deed (hereinafter called "the effective date"). The party of the Fourth part shall continue the business upon dissolution of this Partnership Firm.

2. The books of accounts of the firm shall be finalised up to the effective date and a Profit & Loss Account and Balance Sheet is to be drawn up and audited by the auditor of the firm.

3. The profits or losses accruing to the firm shall be shared in the ratio according to the partnership deed dated\_\_\_\_\_\_\_\_\_ between them.

4. The Balance of Capital Account of partners according to the audited Balance Sheet shall be converted into equity shares @ Rs. 100/- per equity share of the Company, which are to be rounded off in hundreds.

5. No transaction in the Bank Account of firm will take place after the effective date except cheques already issued but not cleared by the bank and cheque received but not deposited/cleared by Bank up to the effective date. The bank account of the firm maintained with \_\_\_\_\_\_\_\_\_ Bank shall be closed after getting the firm accounts audited. The outstanding balance after clearing of all cheques shall be transferred to the account of the account of the company upon finalisation of firm’s audited Balance Sheet.

6. All the assets and liabilities of the firm as on the date of the dissolution (as described in the schedule-2 annexed hereto) shall stand converted in the name of company. Thereafter, company shall be responsible for realising all debtors, moneys and advances of the firm and to give effectual receipts and discharges for the same and for such substitution. The company shall also be liable to pay all debts and liabilities of the firm.

7. The parties hereto mutually release each other from the articles of the partnership deed dated \_\_\_\_\_\_\_and from all claims and demands thereupon or in relation thereto.

8. The party of First, Second and Third part covenants with the company that they will, for the period of five years after the date of this deed will not directly - indirectly, alone-jointly or as agent or employee of any person, firm or Company carry on or engage in any activity or business which shall be in competition with the business now carried on by the company. .

9. Any disputes or differences in respect of any clause in this deed may be resolved under the arbitration of Sh.\_\_\_\_\_\_\_\_ s/o Sh. \_\_\_\_\_\_\_\_ r/o\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ and the provision of Indian Arbitration and Conciliation Act, 1996 and the rules made thereunder shall apply to the arbitration proceedings under this clause. The decision of the arbitrator shall be final and binding on the parties

**IN WITNESS WHERE OF,** the parties hereto have hereunto signed and executed this deed of dissolution on this \_\_\_\_\_\_\_day of \_\_\_\_\_\_\_\_\_2003

Schedue-1 and Schedule-2 annexed.

Signed and delivered by Sh.\_\_\_\_\_\_\_\_\_\_

Signed and delivered by Sh.\_\_\_\_\_\_\_\_\_\_

Signed and delivered by Sh.\_\_\_\_\_\_\_\_\_\_

Signed and delivered for and on behalf of the Company

Director

**Witness:**

1.

2.